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February 28, 2005

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460 James Robertson Parkway  
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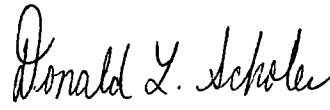
*Via Hand Delivery*

Re. Petition of Lynwood Utility Corporation for Approval of Transfer and Control  
*Nunc Pro Tunc*  
Docket No. 04-00360

Dear Ms. Dillon:

I have enclosed for filing an original and fourteen copies of the Supplemental Response of Lynwood Utility Corporation to the Staff's Data Request No. 2 in this docket. I have enclosed an extra copy which I would appreciate your returning to me stamped filed. Thank you for your assistance in this matter.

Sincerely yours,



DONALD L. SCHOLES

Enclosures

c Tyler Ring  
James Ford

BEFORE THE TENNESSEE REGULATORY AUTHORITY

Nashville, Tennessee

In re: PETITION OF LYNWOOD UTILITY )  
CORPORATION FOR APPROVAL )  
OF TRANSFER AND CONTROL ) DOCKET NO. 04-00360  
NUNC PRO TUNC )

**PETITIONER'S SUPPLEMENTAL RESPONSE TO DATA REQUEST NO. 2**

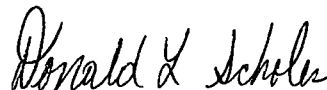
Comes now Lynwood Utility Corporation (Lynwood) and files this Supplemental Response to Staff Data Request No. 2 in this matter.

2. Provide a current audited balance sheet and income statement for Lynwood Utility Corporation.

Response: The unaudited Balance Sheet as of December 31, 2005 and Income Statement for the year ended December 31, 2005 for Lynwood is attached. Lynwood desires that the financial statements and annual report for the year ended December 31, 2004, be in compliance with public utility accounting principles which James Ford, the financial consultant hired by Lynwood, is assisting it in preparing. Tyler Ring, John Ring and Mr. Ford are more than willing to meet with the Authority staff to discuss the attached financial statements and any other issues related to the petition. Mr. Ford will continue to work with Lynwood in the review of its accounts for the timely submission of Lynwood's 2004 Annual Report with the Authority.

Dated this 24<sup>th</sup> day of February, 2005.

Respectfully submitted,



DONALD L. SCHOLES BPR# 10102  
Branstetter, Kilgore, Stranch & Jennings  
227 Second Avenue, North, Fourth Floor  
Nashville, TN 37201-1631  
(615) 254-8801  
Attorney for Lynwood Utility Corporation

**LYNWOOD UTILITY CORPORATION**  
**BALANCE SHEET**  
**as 12/31/2004**  
(Preliminary and Unaudited)

**ASSETS**

|                             |                            |
|-----------------------------|----------------------------|
| Utility Plant               | \$ 2,108,518               |
| Accum. Depreciation         | (717,152)                  |
| <b>Net Utility Plant</b>    | <u>1,391,366</u>           |
| Cash                        | 130,957                    |
| Accounts Receivable         | 54,033                     |
| Deferred Assets             | 6,907                      |
| Excess Purchase Price (net) | <u>342,025</u>             |
| <b>Total Assets</b>         | <u><u>\$ 1,925,288</u></u> |

**LIABILITIES AND CAPITAL**

**Capital**

|                       |                  |
|-----------------------|------------------|
| Common Stock          | \$ 1,000         |
| Other Paid in Capital | 669,721          |
| Retained Earnings     | (1,043,791)      |
| <b>Total Capital</b>  | <u>(373,070)</u> |

**Liabilities**

|                                      |                            |
|--------------------------------------|----------------------------|
| Accounts Payable                     | 73,407                     |
| Accrued Taxes                        | 24,567                     |
| Accrued Interest                     | 87,922                     |
| Note Payable - TC                    | 980,000                    |
| Improvements Payable - LIC           | 160,232                    |
| Contribution In Aid of Construction  | <u>972,230</u>             |
| <b>Total Liabilities</b>             | <u>2,298,358</u>           |
| <b>Total Liabilities and Capital</b> | <u><u>\$ 1,925,288</u></u> |

**LYNWOOD UTILITY CORPORATION**  
**INCOME STATEMENT**  
**for the year ended December 31, 2004**  
**(Preliminary and Unaudited)**

**Gross Revenue**

|                             |                |
|-----------------------------|----------------|
| Residential                 | \$ 377,713     |
| House Sewer Service Inspect | 9,500          |
| Penalty Charges             | 5,434          |
| Interest                    | 8              |
| <b>Total Gross Revenue</b>  | <u>392,655</u> |

|                                 |                |
|---------------------------------|----------------|
| Operations & Maint. Expense     | 488,119        |
| Depreciation                    | 99,117         |
| Amortization Expense            | 16,163         |
| Taxes Other Than Income         | 26,043         |
| <b>Total Operating Expenses</b> | <u>629,442</u> |

**Net Operating Expenses** (236,787)

Other Deductions 11,863

**Net Income (Loss)** \$ (248,650)